

## **MINUTES**

### **JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND SUBSTANCE ABUSE SERVICES**

**Wednesday, December 14, 2005**

**12:30 PM**

**Room 544, Legislative Office Building**

The Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services met on Wednesday, December 14, 2005, at 12:30 P.M. in Room 544 of the Legislative Office Building. Members present were Senator Martin Nesbitt, Co-Chair; Senators Austin Allran, Jim Forrester, Janet Cowell, Jeanne Lucas, Vernon Malone, and William Purcell and Representatives Jeff Barnhart, Beverly Earle, Bob England, Carolyn Justice, Edd Nye, and Fred Steen.

Kory Goldsmith, Lisa Hollowell, Ben Popkin, Shawn Parker and Rennie Hobby provided staff support to the meeting. Attached is the Visitor Registration Sheet that is made a part of the minutes. (See Attachment No. 1)

Senator Martin Nesbitt, Co-Chair, called the meeting to order, welcomed members and guests, and recognized Senator Janet Cowell who was attending her first meeting. He asked for a motion to approve the minutes from the November 9<sup>th</sup> meeting. Representative Nye made the motion and the minutes were approved.

Senator Nesbitt asked Lisa Hollowell from Fiscal Research to give her presentation on cash flow issues. He said cash flow for providers was becoming a critical issue with many non-profits going out of business. Ms. Hollowell addressed cash flow problems at the State, LME and Provider levels. (See Attachment No. 2) She explained that at the State level, in FY 2004-2005, Departments received monthly allotments. This did not apply to Integrated Payment and Reporting System (IPRS) payments. The Non-Unit Cost Reimbursement (UCR) payments were held at times due to cash flow problems at the State level and the Division often had to hold LME's administrative management payments. In FY 2005-2006, Departments receive quarterly allotments. She said this fiscal year there had been no funds withheld by the State to LME's due to cash flow issues. Last year, if LMEs had payments withheld or paid providers up-front, then funds had to be shuffled around which created cash flow issues. Now, with Non-UCR payments, costs must be incurred before reimbursement is made. Also, an LME may pay a provider before reimbursement is received from the State which creates cash flow problems. At the Provider level, payment delays can cause major payroll problems. Documentation required by LMEs of Providers varies across the State.

Questions arose as to what constitutes a clean claim and how it affects prompt pay. Mike Moseley, Director of the Division on MHDDSAS, said the Division is interacting with the provider community in order to understand the issues and the barriers and to get suggestions in order to make operations smoother. He said the Division was seeking to move toward greater billing and documentation standardization among LMEs. Mr. Moseley said that the Division is developing an action plan was being developed and would be ready in January to address some of the inconsistencies. He said the

Department was very serious about having solutions to the problems facing the non-profits in order to keep them in business. He indicated his concern in the delay of the new Service Definitions being in place saying that it put the LMEs in great jeopardy. Phillip Hoffman from the Division was asked if non-profits created years ago by LMEs to shield money were still in existence. He answered that foundations were created and the Controller's Office audited those foundations. Mr. Huffman said he would get records of the audits for the committee. It was also noted that improperly documented claims or rejected claims created an additional burden on the system.

Senator Nesbitt announced that an Advisory Committee made up of three House members and three Senate members would be appointed to the LOC. He welcomed Senator Larry Shaw to the meeting. Advisory members have interest in the issues but are non-voting members who otherwise participate fully.

Kory Goldsmith, staff attorney, provided an overview of the reform legislation addressing the core services of screening, assessment, and referral. (See Attachment No. 3) Twenty-five of the twenty-nine LMEs had signed a performance contract with the State for 2004-2007 that further specifies their obligations for these core services. She reviewed the access requirements and how the Access line is staffed 24/7/365 days with a live, trained person capable of assisting persons with various needs. The Division provides quarterly reports on performance contracts based on information gathered from LMEs. DHHS determines the presence of the Access line through a Mystery Shopper that conducts a minimum of 10 calls per quarter. If 85% of the calls are answered within 6 rings the LME is deemed to have met the performance standard and if 100% are answered within 6 rings the LME would have exceeded the Best Practice performance standard.

Susan Campbell, Manager of Access and Care Management of the Guilford Center, spoke about LMEs experience in developing an access line and providing this service. (See Attachment No. 4) She introduced Jeff McCloud of the N.C. Mental Health Consumers Organization who demonstrated how the access line worked by calling the Guilford Center's 1-800 number. The committee listened to a conversation between Mr. McCloud and a trained call center representative. The representative interviewed Mr. McCloud using the standard screening, enrollment form and determined the acuity of need. She was then able to offer an appointment to him within 48 hours, provided directions and the name and phone number of an organization that could provide additional resource information in the community. After the call, Ms. Campbell said the most important thing about STR was that it made access easy. Keys to the success of the Guilford Center were the highly trained clinical staff, outstanding customer service, and an effective working relationship with community providers, hospitals and law enforcement, to list a few. Committee members discussed and showed disappointment at the Secretary's decision to move forward with her consolidation plan to reduce STR to 10 LMEs. The call to the Guilford Center convinced members that having a trained professional working with those calls within the community was the best way to conduct the program.

Ms. Hollowell told members that the update on the amount of service dollars and the amount of administrative dollars per capita for each LME from the November meeting would be presented at the January 26<sup>th</sup> meeting.

Next, members listened to a panel discussion on factors and barriers affecting the development of LME functions. The panelist were: Joy Futrell, Area Director, Roanoke-Chowan Human Services Center; Ms. Ellen S. Holliman, Area Director, Durham Center; Dr. Beth Stanton, Medical Director, New Vistas Behavioral Health Service, Asheville; and Mr. Michael Watson, Area Director, Sandhills Center. The group began by discussing crisis services in their areas, positive factors and problems. There were contrasts between the rural areas and the urban areas. Some rural areas contracted with Emergency Rooms and used service dollars to pay for indigent care, inpatient care, and ER physicians. One problem mentioned was that often transportation was difficult. In the urban area, crisis services were expensive but effective and reduced admissions to hospitals. The provider found that the number one problem was that there were no in-patient beds.

When asked what needed to be done to improve service delivery, one panelist said that there was no financial incentive to keep consumers out of State hospitals. It was also suggested that the MGT and PCG reports be revisited. The reports recommended developing a methodology that requires the Area Programs to pay for the full use of the hospitals by having State funds go through the LMEs. Other items mentioned were: the rates needed to be universally costed; more focus should be placed on preventive health, there was an overwhelming burden of paperwork; and there was a dwindling work force of psychiatrists. Members of the panel also stressed that the system was terribly under funded and that the funding needed to be equalized. Staff was asked to review the reports to see where we are and to prepare a report for the January meeting.

Panelists were also asked what specific problems they had developing the provider network. They responded that providers are operating in extraordinary uncertainty. As an example, it is impossible to put a business plan in place for the future without Medicaid service definitions and with the uncertainty of funding. Other problems mentioned were the lack of a comprehensive provider network; rural areas may have mandates in place making it difficult to provide services; it is not cost effective to send staff into areas to visit one client; and an increasing problem funding medical services.

Senator Nesbitt then asked the panelists what the Department could do to make the system work. Panelist comments included the need for a strategic plan, with a reasonable pace to make changes and a clear direction for the future; the need for standards in authorization and clean claims; and to simplify the authorization process and claims process. It was suggested that a chart be created to track the progress of reform, prioritizing the top 2 or 3 issues, focus on those issues and correct them. Ms. Goldsmith said that a provision in the budget directed the Division to do a long-term plan for services for MHDDSAS. She said Mr. Moseley would give an update on that today. She also said that staff put together a road map based on a report made by the LOC to the General Assembly last year that outlined items accomplished and unfinished business. Senator Nesbitt said that in March the Department would have reports due on the analysis of what the new system would cost and the disproportionate funding of LMEs across the State on service provisions. He said that by February or March staff should have some concrete proposals for the committee.

Senator Nesbitt then asked Mike Moseley to give the Division updates. Mr. Moseley began by saying that he was delighted to hear that LME directors were in support of standardization. He said the Division would continue to work with LMEs to move towards standardized practice. He acknowledged that it was difficult because there were differences across the State with unique situations in different communities but there are benefits to standardizing ways of doing business. He announced that the Long Term Plan to study gaps and services in the system due in March would be overseen by a contractor. The report would also include an estimate of dollars to fulfill those gaps. The Requests for Proposals have gone out and the study should start soon. He cautioned that since this was a five-year plan, it would not necessarily give a long-term monetary solution. Also a part of that report would be a strategy for how State dollars are allocated to LMEs. Mr. Moseley said that RFPs would be sent out the end of December for a contractor to study this issue. The contractors would work together to complete the report by the due date.

Continuing, Mr. Moseley said that the Secretary's Proposal for Increased LME Efficiency is on target with the responses to the plan due December 15. At that time the information would be analyzed and the process would move forward. Senator Nesbitt suggested that the Secretary be made aware of the strong objection raised by those directly affected by this decision. Mr. Moseley also said that the Federal Centers for Medicare and Medicaid Services (CMS) approval of the Service Definitions continued to be a major issue. He explained the frustration of the 90-day submission being stopped in the 11<sup>th</sup> hour while the Center clarified further information needed from the Division. He said that the Secretary and several people traveled to Washington to meet the North Carolina Congressional delegation to ask for assistance with CMS. After discussion, Senator Nesbitt told Mr. Moseley that the Committee would do whatever needed to be done to help speed the process. Mr. Moseley said he would consult with the Secretary.

Next, Mr. Moseley said that he asked his staff to look at issues hampering Providers to see what the Division could do to help. A survey was first sent to all Providers of which 498 responded. Another 100 Provider agencies outside the MH/DD/SA service system responded. Data was analyzed and an outside facilitator was hired to oversee a Provider Summit that represented Providers from different areas. Key issues were prioritized and presented to a sub coalition group. Mr. Moseley said that he would like to come back to the LOC in January and present the Division's action plan that would address issues identified by this process. He said that short-term issues such as clean claims could be addressed quickly but long-term issues may require legislative changes.

The meeting adjourned at 3:40 PM.

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Senator Martin Nesbitt, Co-Chair

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Representative Verla Insko, Co-Chair

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Rennie Hobby, Committee Assistant